



February 6, 2013

BOARD STUDY SESSION

DISTRICT'S MULTI-YEAR FISCAL OUTLOOK

MEASURE L BOND PROGRAM UPDATE

ADOPTED MINUTES

6:00 PM – 9:00 PM

DISTRICT OFFICE

BOARDROOM

292 Green Valley Road, Watsonville, CA 95076

1.0 OPENING CEREMONY – MEETING OF THE BOARD IN PUBLIC - 6:00 P.M.

President Yahiro called the Study Session of the Board in public to order at 6:02 pm at 292 Green Valley Road, Watsonville, CA.

1.1 Pledge of Allegiance

Trustee Orozco led the Board in the Pledge of Allegiance.

1.2 Welcome by Board President

Trustees Leslie DeRose, Maria Orozco, Lupe Rivas and President Willie Yahiro were present at the beginning of the meeting. Trustees Kim DeSerpa, Karen Osmundson and Jeff Ursino arrived by 6:10 pm.

2.0 Approval of the Agenda

Trustee DeRose moved to approve the agenda. Trustee Rivas seconded the motion. The motion passed 4/0/3 (De Serpa, Osmundson, Ursino absent).

3.0 STUDY SESSION: District's Multi-Year Fiscal Outlook

Facilitated by Brett McFadden, CBO

Brett McFadden introduced Helen Bellonzi, Director of Finance, Rick Mullikin, Director of Maintenance, Operations and Facilities, and Dennis Dunston of Total Schools Solutions, who were present to support the presentation. The presentation covered the district's current multi-year outlook, post Proposition 30, possible funding scenarios, a look at the Governor's proposed Local Control Funding Formula (LCFF) and the fiscal realities facing the district. For the 2013-14 the district is not facing state funding cuts, for the first time in five years. The district has already received over 25 proposals for reinstatement of programs, services. The district has been courageous and prudent from the beginning to protect the district's financial stability. Mr. McFadden noted that, while challenges remain, there are also opportunities for the district. For the 2012-13 school year, PVUSD returned to a positive certification. The cost increases of health and welfare was addressed. PVUSD offers an uncapped plan, and this, coupled with lack of COLA funding from the state, has been a large component of the district's ongoing deficit as it represents 30% of the total general fund expenditures.

Mr. McFadden reported that the state's MYP shows that passage of Proposition 30 stabilized the projected budget for the 2014-15 year. The district has set aside \$8 million to protect itself in case the proposition did not pass. Due to the stabilization of the budget with Prop 30, an outlook of the budget was presented if those \$8 million were spent, revealing again a possible negative certification for the 2014-15 school year.

The LCFF was explained in detail. It would replace revenue limits and most categorical program funding. The formula would also be calculated over grade spans.

Mr. McFadden addressed the fiscal realities of the district. There are fiscal challenges that remain, including structural deficits and employee benefits cost increase. The LCFF has many unknown factors and calls for continued caution. There is a need for capital investment, including special education buses, textbooks and IT for common core implementation; the district has very limited funds for these needs.

In summary, Mr. McFadden stated that the district is not facing any state cuts but its fiscal situation remains tight.

I. Questions/Comments from the Board

Board participated with comments and questions.

II. Public comment

Bill Beecher, community member, stated that, while the Governor proposes a budget, legislature has to take action and it may take time. He asked the board to hold off on spending decisions.

4.0 Update on Measure L Bond Program

Facilitated by Dennis Dunston, Bond Program Manager

Brett McFadden introduced Mr. Dunston of Total School Solutions and Bond Program Manager, and Tim Landeck, Director of Technology. He noted that the district finalized refinance process of Measure J, saving taxpayers about \$1.423 million dollars.

Mr. Dunston presented a summary of Measure L: it will cover \$150 million of the identified \$260 million needed. The district will need to be careful on how the bond funds are used as there is very little room for extras or unforeseen cost increases. He noted that there are future funding opportunities, including developer fees, and state and federal funding. As of now, the proposed bond issuance is as follows: February 2013 – \$65 million (which could potentially increase to \$85 million); February 2015 - \$50 million; and February 2017 - \$35 million. The district has already selected three architectural firms (HMC Architects, NTD Architects and Kasavan Architects), three construction firms (Kitchell, Blach and Cumming), and a Program Management Firm (Total School Solutions). The task of the program management firm is to develop and monitor the scope, schedule and budget of the projects. In addition, a Citizens' Oversight Committee is in the process of being created. There are 117 projects, broken up into three demographic areas and attempting to keep spent dollars equal in the three areas as well: the Aptos attendance area, the Watsonville attendance area and the Pajaro Valley High and Pajaro attendance area. It is important to ensure fund availability for all projects throughout the construction progress. Ms. Dunston spoke of some of the priority projects, including sites' health and safety structures, code requirements, technology upgrades and kitchen upgrades. Mr. Dunston presented an overview of the expected length of time for projects to be completed, starting with design, documentation, state approvals and ending with the construction projects. Construction projects can take anywhere from 1-1/2 to 3-1/2 years. In the next couple of weeks, some quick start projects will begin, including playground equipment, solar installations, minor projects and others that don't require Department of State Architecture (DSA) approval. Major projects are expected to begin in the Spring of 2014.

Regarding next steps and actions to expect, Mr. Dunston noted that there would be a sole source resolution (i.e. locks should be the same throughout), approval of construction and architecture firms agreements, presentations of major projects, financial auditor report, performance auditor report, citizens oversight committee report (one per year), change order summary, notices of completion, and a California Uniform Public Construction Cost Accounting Act (CUPCCAA) for the Public Code Contract resolution. The CUPCCAA resolution will identify projects based on cost. There are projects under \$45,000. Projects from \$45,000 - \$175,000 require that district takes quotes from at least three of a list of prequalified bids. Projects over \$175,000 require that the district takes all bids and to select the lowest qualified bid. Mr. Dunston noted that most contracts are over \$300,000, with the largest being \$11 million for EA Hall and the smallest being \$19,000. It was noted that local labor, from the tri-county area, would be used for all projects.

Mr. Tim Landeck presented on the Measure L funds for technology. The goal for use of funds is to increase student engagement and increase interactivity amongst students. Although not with Measure L funds, thus far the district has begun to work in the Aptos area schools, upgrading their network. In addition, all schools received site-based funding to use at their discretion. Phase One of bond funding for technology will include convening an Instructional Technology Advisory Committee (ITAC) to guide integration of technology tools in classroom to meet the goals of engaging students and improving student interactivity. It also includes the completion of Aptos area network upgrade, a wide area network upgrade, Phase One of Intelligent Classroom (to be determined by ITAC), some telephone improvements, and the Technology Endowment to support Virtual Desktop Infrastructure (VDI) computers for sites. Mr. Landeck explained the benefits of the VDI for students and staff. The technology endowment would exist each year throughout the length of the bond.

I. Questions/Comments from the Board

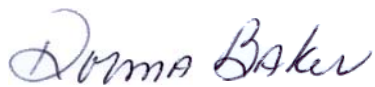
The board participated with comments and questions.

II. Public comment

Bill Beecher, community member, noted that some of the Measure L projects could be funded with Proposition 39 funds and asked how they could be consolidated. He asked the board to plan on how to consolidate it and to be transparent about this with the public.

5.0 Adjournment

There being no further business to address, the study session of the board was adjourned at 8:30 pm.



Dorma Baker
Dorma Baker, Superintendent